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Wolf Administration Announces Next Step in Transforming Health Care Delivery in Pennsylvania

Harrisburg, PA – The Wolf Administration announced today the first five participants in the Pennsylvania Rural Health Model, the first model in the nation aimed at ensuring the financial viability of hospitals in rural areas across the state, and the next step in transforming health care delivery in Pennsylvania.

“The Rural Health Model is a transformative step that changes the financial model for hospitals in rural areas,” Health Secretary Dr. Rachel Levine said. “The model will help ensure that rural hospitals, which are often an economic driver in rural areas, stay open, that jobs stay local and that sustainable access to health care is available to residents living in rural areas. This is a step that will help achieve financial stability for these facilities.”

Nearly half of all rural hospitals in Pennsylvania are operating with negative margins and are at-risk of closure. The department has worked closely with the Department of Human Services, the Insurance Department, the Hospital and Healthsystem Association of Pennsylvania, the Pennsylvania Office for Rural Health, the Center for Medicare and Medicaid Innovation, and five rural hospitals to develop the model and to ensure its success. The first five participants in the model are:

- Barnes Kasson in Susquehanna, Susquehanna County;
- Endless Mountains in Montrose, Susquehanna County;
- Jersey Shore in Jersey Shore, Lycoming County;
- UPMC Kane in Kane, McKean County; and
- Wayne Memorial in Honesdale, Wayne County.

The following five insurance providers have been involved throughout this process and will be the initial private insurance payers for the model:

- Gateway;
- Geisinger;
- Highmark;
- Medicaid; and
- UPMC.

The Rural Health Model is an alternative payment model, transitioning hospitals from a fee-for-service model to a global budget payment. Instead of hospitals getting paid when someone visits the hospital, they will receive a predictable amount of money. Payment for the global budget will include multiple-payers, including private and public insurers.

“I am pleased four commercial insurers, Gateway, Geisinger, Highmark and UPMC are participating in the Rural Health Model to date,” said Insurance Commissioner Jessica Altman. “These insurers are contributing prospective payments to rural hospitals in their service areas, to be used by these providers for value-based care, including important preventive services. I plan to continue working to bring other commercial insurers in our state into this program and am hopeful that will happen in the months ahead.”

“Pennsylvania continues to incentivize paying for health care services based on quality and outcomes across our Medicaid system, a shift that is important for encouraging health innovation and improved patient outcomes,” said DHS Chief of Staff Johanna Fabian-Marks. “This global budget model will incorporate whole-person care, social determinants of health, and long-term outcomes and keep our rural populations healthy and help rural hospitals thrive.”

Through this change in payment model, the hospitals will be able to transform care locally to better meet the health needs of the community. This includes opportunities to assess items that may traditionally fall outside of the role of the hospital, such as transportation and broadband internet access.

The Department of Health has developed strategies for improving health in rural communities. Strategies being carried out in rural communities include improving health care delivery and health outcomes and creating health care services that best match the needs of the community.

For more information about rural health, visit the department of Health website at www.health.pa.gov or follow us on [Facebook](#) and [Twitter](#).

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